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Q4 & FY2011 Results

Investor Conference
Date : 06th May 2011

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These risks and uncertainties include, but are not limited to Piramal Healthcare Limited's ability to successfully implement its strategy, the Company's growth and expansion plans, obtain regulatory approvals, provisioning policies, technological changes, investment and business income, cash flow projections, exposure to market risks as well as other risks.

Piramal Healthcare Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Executive Summary

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- FY11 performance review
- FY11 – business highlights
- Innovative discovery and commercialization
- Entry into Financial Services business
  - Setting up an NBFC
  - Acquisition of Indiareit Fund

FY11 – Key Highlights

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- Sale of healthcare solutions business to Abbott for $ 3.8 bn, 9x sales, ~30x EBITDA
- Sale of Piramal Diagnostics to Super Religare Labs for Rs. 6 billion, 3x Sales, ~16x EBITDA
- Buyback of 20% of equity share capital of PHL, total outlay – Rs. 25.1 bn

FY11 – Financial Performance for continuing businesses:

- Total Operating Income – Rs. 16.7 bn, up by 12%
- Investment Income – Rs. 3.4 bn, up by 264%
- EBITDA – Rs. 3.8 bn, up by 172%
- Net Profit – Rs. 127.3 bn

Dividend – Rs. 12 per share (600%), up by 122%

- Demerger of PLSL's NCE research unit into PHL
- Entry into Financial Services business by setting up NBFC and acquisition of Indiareit Fund

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Financial highlights Q4 FY2011

Business Mix – Consolidated Q4 FY2011 Continuing Businesses

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Rs. million

No.	Net Sales break-up	% Sales	Quarter IV ended			Year ended		
			31-Mar-11	31-Mar-10	% Gr	31-Mar-11	31-Mar-10	% Gr
1	Pharma Solutions	50.7%	3,493.1	2,536.2	37.7%	10,205.8	9,393.6	8.6%
	From Assets in India	27.7%	1,906.6	1,194.0	59.7%	5,245.3	4,302.5	21.9%
	From Assets Outside India	23.0%	1,586.5	1,342.2	18.2%	4,960.5	5,091.1	-2.6%
2	Piramal Critical Care	16.8%	1,160.0	884.1	31.2%	3,876.8	3,276.7	18.3%
3	OTC + Ophthalmology	9.8%	675.9	534.5	26.5%	1,958.4	1,770.4	10.6%
4	Others	3.8%	261.4	85.4	206.2%	687.9	500.1	37.6%
5	Investment Income	18.9%	1,300.6	217.7	497.4%	3,358.3	921.7	264.4%
Total		**100.0%**	**6,891.1**	**4,257.8**	**61.8%**	**20,087.2**	**15,862.5**	**26.6%**

Profit & Loss Account – Consolidated Continuing Businesses Q4 FY2011

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Rs. million

Period ended - Consolidated	Q4 Ended			Period Ended		
	31-Mar-11	31-Mar-10	% Gr	31-Mar-11	31-Mar-10	% Gr
Net Sales and Other operating income	5,590.5	4,040.1	38.4%	16,734.1	14,945.9	12.0%
Investment income	1,300.6	217.7	497.4%	3,358.3	921.7	264.4%
Total operating income	6,891.1	4,257.8	61.8%	20,092.4	15,867.6	26.6%
OPBIDTA	2,631.6	585.0	349.8%	3,790.6	1,392.0	172.3%
OPM %	38.2%	13.7%	-	18.9%	8.8%	-
Interest	169.5	351.7	-51.8%	886.6	1,600.7	-44.6%
Depreciation	260.1	75.6	243.9%	958.6	824.9	16.2%
Profit before tax (before exceptional)	2,202.0	158.0	-	1,945.7	-1,033.3	-
Exceptional expense / (income)	15.3	65.5	-	(162,205.0)	69.1	-
Income tax	163.8	89.0	-	36,797.4	91.2	-
Profit after tax	2,018.5	2.0	-	127,350.2	-1,193.3	-
EPS (Rs.)	9.0	0.0	-	567.1	-5.3	-
EPS before exceptional items	9.8	0.3	-	8.6	-5.0	-

Balance Sheet – Consolidated
Q4 FY2011

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Rs. million

Period ended- Consolidated	As at 31-Mar-11	As at 31-Mar-10
Equity capital	335.8	418.0
Reserves & Surplus	120,558.3	16,430.9
Networth	120,894.1	16,848.9
Deferred tax liability (Net)	484.0	567.8
Loan funds	7,568.6	12,949.6
Total	**129,004.3**	**30,366.3**
Net fixed assets	16,039.7	21,130.1
Investments	14,815.8	325.5
Net current assets	98,148.8	8,910.7
Inventories	3,825.7	4,694.5
Sundry debtors	3,838.0	4,376.1
Other current assets	100,195.9	7,001.2
Current liabilities	9,710.8	7,161.1
Total	**129,004.3**	**30,366.3**

Note: Other current assets include amount of Rs. 71,585 mn receivable from Abbott towards sale of Healthcare Solutions business

Balance Sheet – Ratio Q4 FY2011

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Rs. million

No.	Period ended- Consolidated	As at 31-Mar-11	As at 31-Mar-10
1	Debt/equity ratio	0.06	0.77
	Networth	120,894.1	16,848.9
	Total debt	7,568.6	12,949.6
2	Book value (Rs./share)	723.0	80.6
3	Cash value (Rs./share)	596.7	NA
4	Net Sales/Net fixed assets ratio	1.6	1.7
5	Current assets ratios		
i	Inventories	54	46
ii	Receivables	54	43
6	ROCE %	5.7%	25.1%
7	RONW %	2.8%	28.2%

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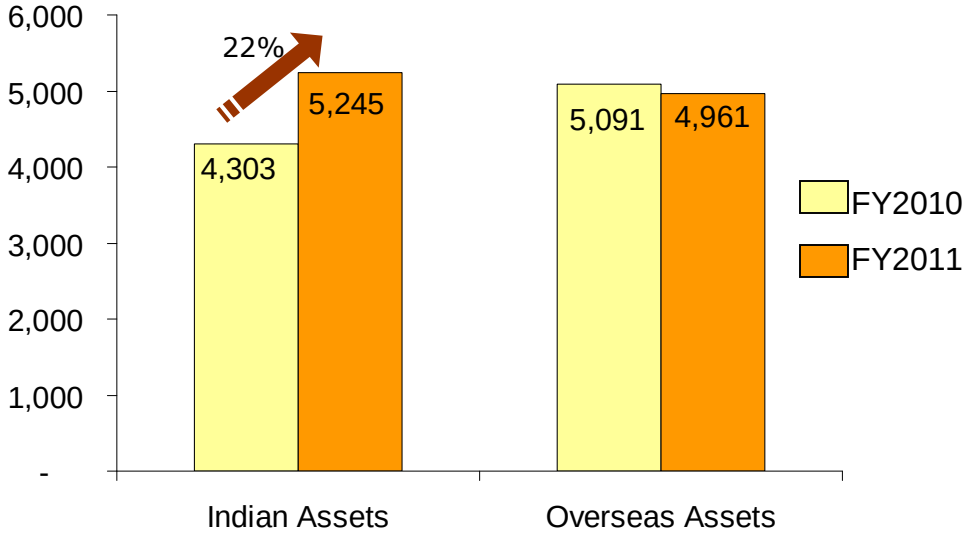
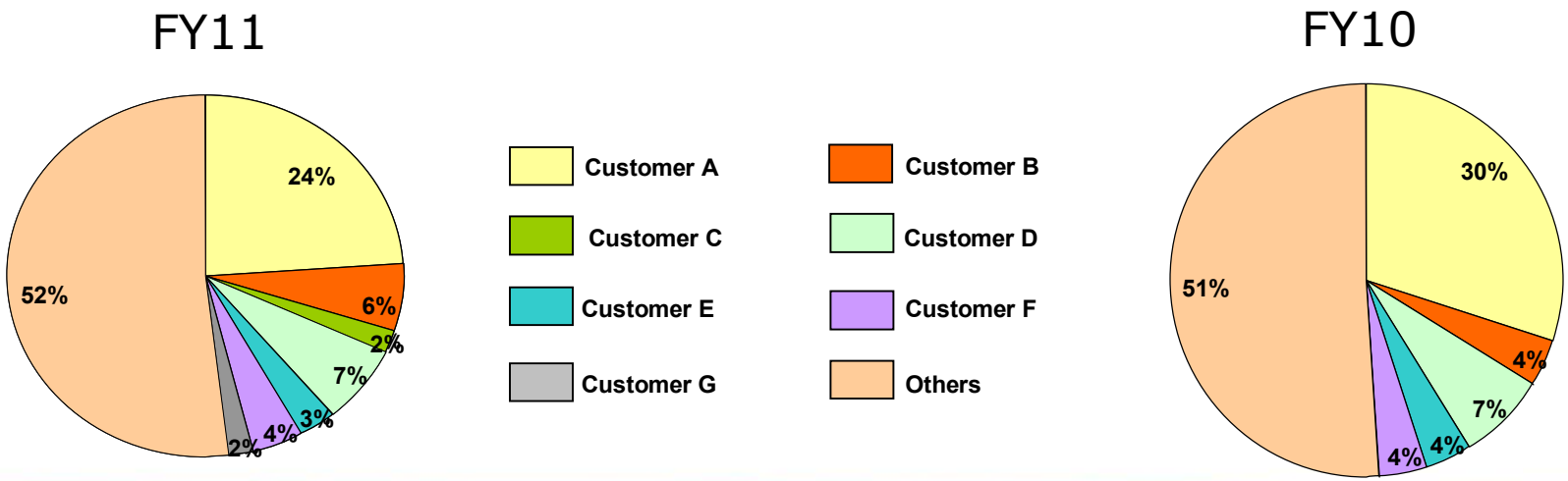
Business Review – Pharma Solutions

FY11 – Pharma Solutions growth from Indian assets back on track



37% of FY11 revenues are tied to long term contracts

Customer Salience – FY11 Vs FY10



FY11 – Rise in activity levels across facilities

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Significant traction at our Early Phase assets……

Ahmedabad

- Successfully audited by 5 top-20 pharma cos and 1 other company
- Supplies started for 3 new clients during the year

Ennore

- Successfully audited by 4 top-20 pharma cos
- Supplies started for 12 new clients during the year

& increased capacity utilization at commercial Manufacturing Assets

- **Digwal:**
  Capacity utilization to reach at peak level in FY2012, PHL is currently evaluating various options to increase capacity

- **Pithampur:**
  Capacity utilization to increase from ~40% levels to 60-65% levels in FY12

- **Morpeth, UK:**
  Non-Pfizer revenue as a % of site sales has increased from 12% to 26%

- **Grangemouth, UK:**
  Site gearing up for USFDA audit; expected in June 2011

FY11 – Capability enhancement: Acquisition of Oxygen Healthcare (O2h) – enables PHL to provide integrated clinical development services

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- Oxygen provides medicinal chemistry (synthetic chemistry) and in-vitro biology services
  - PHL can offer a more integrated R&D solution across discovery and development
  - Engage with customer / project earlier with movement of products from Oxygen to PHL Ennore & PHL Ahmedabad → ***increasing speed of delivery to clients***
  - Key players in space are Wuxi, Syngene, Chem Partners, Medicilon, Evotec, Biofocus, Jubilant

Discovery Services

Target Identification / Validation	Compound Synthesis	Assay Development	Screening for Drug Leads	Hit / Lead Identification	Lead Optimization

Preclinical

ADME / DMPK	Formulation	Process Scale Up	Toxicology

Clinical

Clinical Trial Supply Manufacturing	Clinical Trials (Ph 1 / 2 / 3)	Commercial Manufacture	Post Marketing Studies

Offered by PHL Oxygen capabilities

Pharma Solutions: 3-year Strategy Roadmap

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- Increased capacity utilization of Early Phase assets - both API & Formulations
- Growing non-Pfizer revenues from Morpeth facility
- Creating additional API capacity in India
- Acquisition of niche technologies to supplement our existing capabilities
- Expanding into niche API Generics

3-year Sale CAGR – 20-25%

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Business Review – Piramal Critical Care

FY11 – Expanded market reach and enhanced capacity

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Increased Market Share

- Market Share for Sevoflurane in US increased from 14% as on March 2010 to 20% in March 2011

Europe Entry – Sevoflurane

- Registrations received in 4 countries in EU and filed in 26 other EU countries having combined market of US $ 300 mn
- Sales expected to start in FY2012

Capacity Expansion

- Digwal – Capacity for Isoflurane almost doubled in last one year
- Bethlehem – Production volume of Sevoflurane increased by 70%

Expanding reach

- >4,000 vaporizers installed in the US market taking total vaporizers to >11,000 across the globe

FY11 - Piramal Critical Care now has global sales and marketing network

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84 Distributors

32 Sales Field Force

38 Managers

Critical Care: 3-year Strategy Roadmap

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- Expand geographic coverage of Sevoflurane by selling in Europe, Japan & Asia
- Launch Desflurane worldwide
- Penetrating into Veterinary market for all anesthetic agents
- Expand Propofol in regulated and unregulated markets
- Increase product portfolio to include other critical care products through organic and inorganic initiatives
- Expand marketing & distribution framework

3-year Sales CAGR – 25-30%

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Business Review – OTC

OTC – Investment being made to support a strong brand portfolio

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- Moved from no. 40th in 2008 to top-10 in 2011
- 660 people added in field force, total 900
- Reach expanded to 240,000 outlets: 60% Pharma Outlets & 40% General stores

OTC: 3-year Strategy Roadmap

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- Strengthen our presence in wellness space
- Aim to be in top-3 OTC companies in India
- Expand brand portfolio by launching extensions of established products
- Entry in new areas through new product launches
- Acquire established brands/companies in OTC segment

3-year Sale CAGR – 25-30%

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Innovative Discovery & Commercialization

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Demerger of PLSL's NCE unit in PHL

PLSL ï De-Merger of NCE division of PLSL into PHL

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- PLSL to de-merge all assets and liabilities of NCE division into PHL at book value
- All patents, employees and contracts of NCE division of PLSL to be transferred to PHL
- Herbal products division, that sells neutraceutical products to less regulated markets globally will still remain in PLSL
- In consideration, 1 share each of PHL (Face value Rs. 2) will be issued for 4 shares of PLSL (Face value Rs. 10)
- Swap ratio is based on independent valuation report
- Entire process to be complete in ~6 months

PLSL merger ï Accounting impact on PHL

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Value in Rs. Mn.	Dr	Cr.
Fixed Assets Net block	840	
CWIP	1,200	
Inventories	70	
Loans & Advances	120	
Secured Loan		380
Unsecured Loan		4,470
Current Liabilities & Provisions		330
General Reserve	2,960	
Share Capital		10
Total	5,190	5,190

Impact on Shares outstanding of PHL:

	Mn.
Total Number of shares o/s:	167.9
New shares to be issued to shareholders of PLSL:	5.2
Revised number of shares	173.1

P&L impact, p.a.:

Revenue Expenditure: Rs. 1,500 mn

PLSL De-merger of NCE division into PHL

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Why was PLSL demerged from PHL in 2007?	Why is PLSL's NCE business being demerged into PHL in 2011?
• To enable PHL invest in then existing businesses	• In the last 4 years, pipeline has grown significantly and molecules have moved to later stages; 1st milestone payment has been received; hence risk profile of this business has changed
• Higher risk profile of business, very different in risk and reward profile to then PHL's business	• PHL can better utilize its manufacturing infrastructure & leverage its marketing experience with products from PLSL
	• PHL can expand it's presence in pharma space by launching its own patented products
	• PHL can get 200% weighted average tax deduction for operational expense and capital expenditure on R&D work

PLSL ï 2007 vs. 2011, what has changed ?

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	2007	2011
Pipeline of programs:	13	24
❑ Preclinical	9	9
❑ Phase I/II	2	11
❑ Phase II	2	4
Milestone Payments Received (Rs. Mn)	-	135
Total Patents Granted	50	77
Number of Employees	298	362

PLSL – Mid to Late stage Development pipeline highlights

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Compound	Indication(s)	Market Size
P276	Head & Neck, Pancreatic, Triple Negative Breast Cancer	10,000
P1446	Head & Neck, Pancreatic, Melanoma	1,200
P2745	Haematological Malignancies	3,000
P1736	Diabetes	24,600
P2202	Diabetes/Metabolic Disorders	1,000
P1201	Diabetes/Metabolic Disorders	1,000
Tinefcon	Psoriasis, Ankylosing spondylitis	250

PLS - Innovation Platform

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- Shifting trend – Innovative drug discovery and development ("D&D") moving from traditional big pharma to leaner, nimble outfits

- Interests of venture capital funds in funding D&D assets has decreased dramatically post financial meltdown resulting into these assets being available at reasonable valuation

- With PLS, we have established an infrastructure consisting of combination of world class facilities, equipment, personnel and a growing network of clinical collaborators for competitive D&D in India

- PHL will build on this platform to bring new opportunities – both organically and inorganically

Investment in Biosyntech

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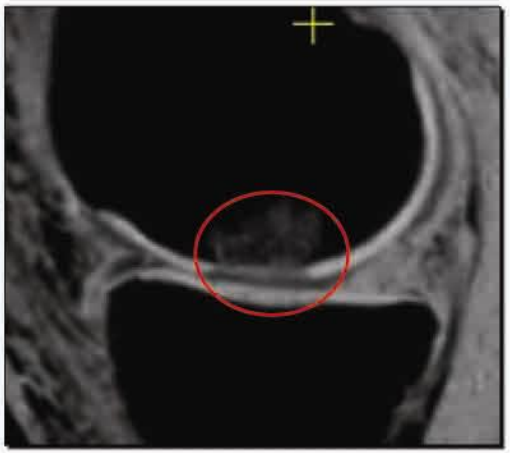
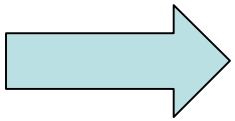
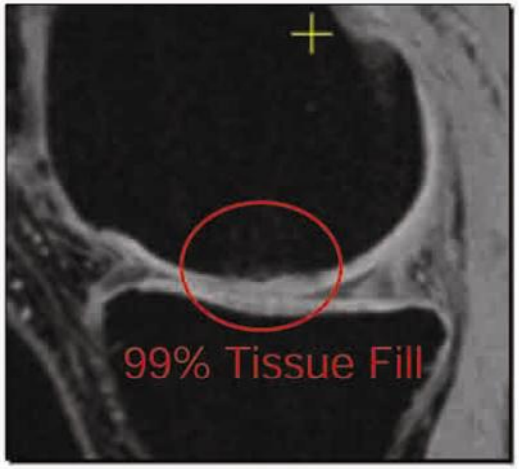
- Specializes in the development, manufacturing and commercialization of advanced biotherapeutic thermogels for regenerative medicines in Orthopedics
- Lead late stage product BST-CarGel® has undergone a pivotal study (Phase III equivalent) for cartilage repair recently
- Final clinical study report to be completed by June 2011

Damaged Cartilage
Before Treatment





Cartilage
After Treatment



BST-CarGel

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Product USP:

- One stage application
- Can be performed arthroscopically
- Easy to apply- stays on place
- Cost Effective
- Applicable to a variety of lesions

Estimated Timelines & Financials

- Total amount invested by PHL: C$ 4.7 mn
- Total amount invested till date: Rs. 177 mn
- Potential Market Size Europe - $ 200 mn, Global – $ 500 mn
- Expected earliest Launch: by end FY12

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New Businesses

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Entry into Financial Services

Favourable demographics & Macro-environment indicators will fuel the growth in Financial Services

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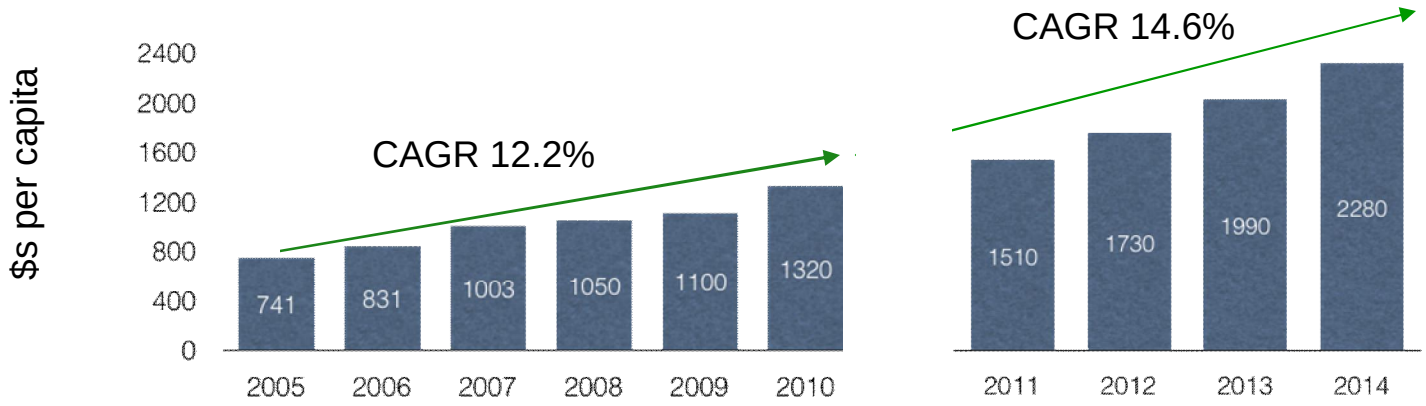
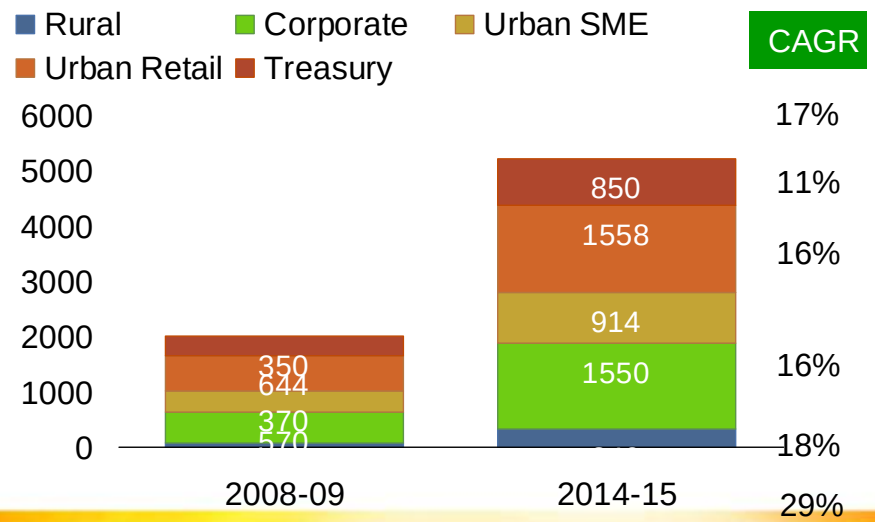
Improving GDP per capita



ÅGDP has been growing @ 8.5% % for last 5 Years (FY05-FY09)
ÅReal GDP expected to grow @ > 8%

Overall Financial Services core revenue pool (INR Bn)



Banking & NBFC revenue pools are expected to grow at 17% CAGR ï
Driven by growth in Corporate & Rural Growth

Source : UBS, RBI, E&Y Report

Financial Services - Attractive ROEs; Growing Revenue Pool

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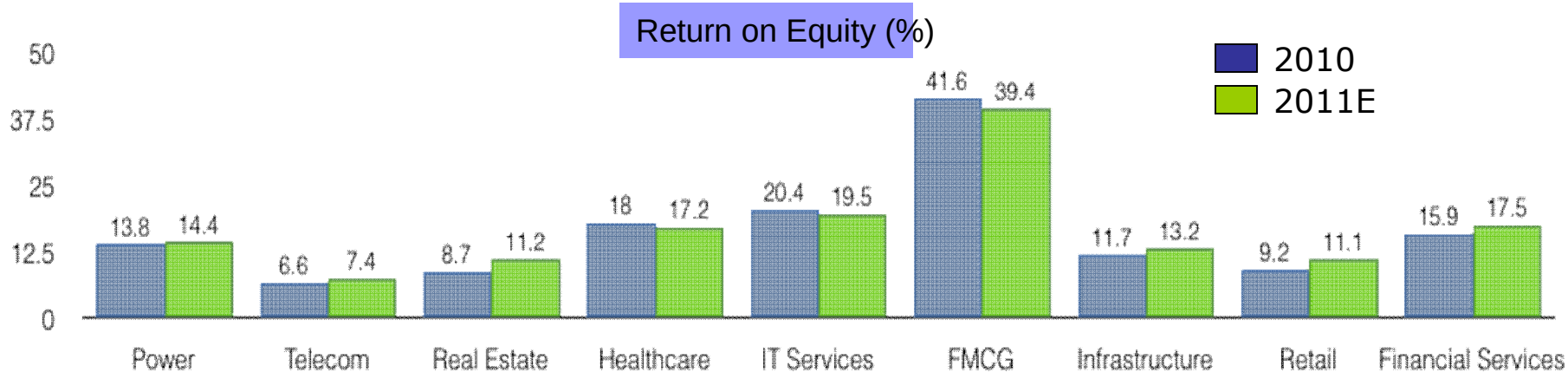
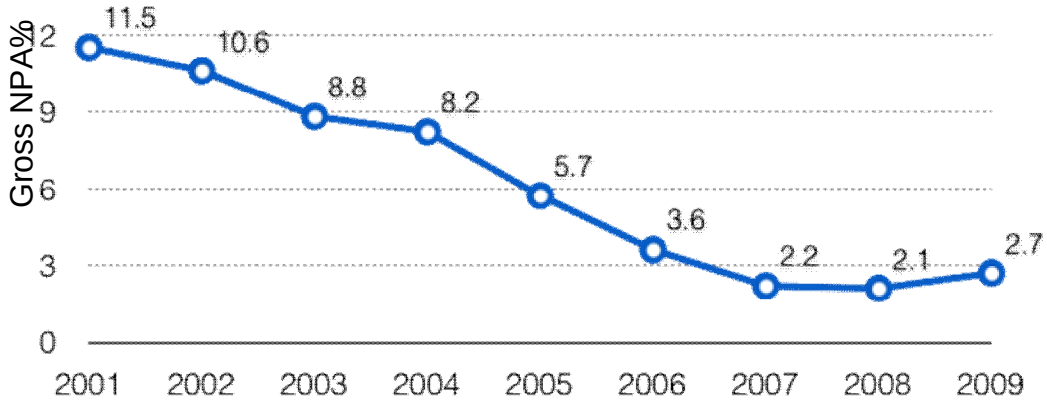
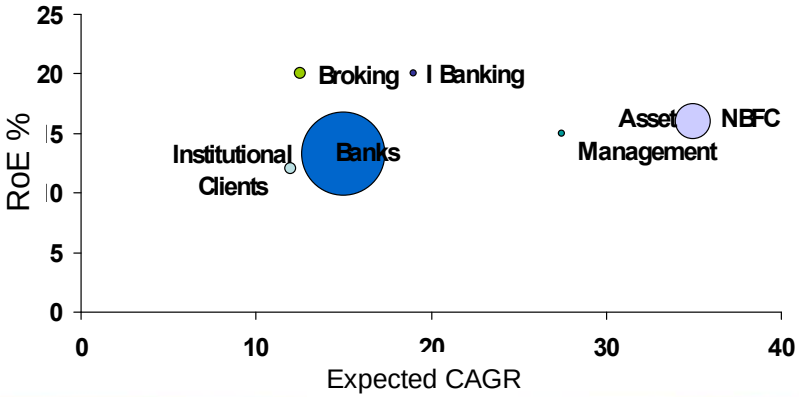


Rationale for NBFC - Fast Growing; High ROEs; Declining NPAs

Quality of Assets improved
ÅBetter risk management practices
ÅStricter regulations

NBFC is fastest growing segment - 35% Revenue CAGR; 15-20% RoE





Source: Goldman Sachs, Universal Consulting, RBI

Piramal Vision – Financial Services

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Make foray in expanding financial services sector starting with:

- NBFC for lending to Infrastructure sector,
- NBFC for lending to other sectors
- Fund Management
  - Real Estate PE Fund (through Indiareit)
  - Infrastructure PE Fund

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Acquisition of Indiareit

Indiareit - Executive Summary

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Proven fund management expertise,

ÅBest positioned to benefit from emerging Indian real estate
- Consistent fund raising
- Proven & consistent investment strategy
- Strong team with comprehensive investment experience;

successful exits across vehicles

Åé supplemented with key differentiators
- Realized exits across funds
  - Exits commenced since October 2008
- Valuations in sync with guidance and exit delivery
  - Estimate 2.22x pre-tax money multiple on valued portfolio (March ó11)
- Ability to profitably deploy large pools of capital;
  - Over USD 650Mn in 4 years

History of firsts in the Indian market

- ï First to declare independent valuations
- ï First to commence exits in investee projects
- ï First to round trip investments across all fund offerings
- ï First to manage third party portfolio

On track execution and delivery

- ÅWork commenced on majority projects
- ÅNo partners litigations
- ÅNo land issues
- ÅNo credit default
- ÅVisible cash flows
- ÅWork linked to off-take

Comprehensive Experience

- Å5 Top Tier 1 cities
- Å8 Local partners
- Å23 Projects
- Å53.7m sq ft of Saleable area currently under development

Indiareit – Financials & Valuation

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- India Reit Fund Advisors Pvt Limited (IFAPL) & India Reit Investment Management Company – Offshore fund, valued at Total Consideration for 100% equity – Rs. 225 crs.
- Total Fund under management – Rs. 38 bn
- Total cumulative exits – Rs.6.5 bn

Basis of valuation:

- Valuation is 9x FY12e PAT; based on independent valuation report

- Indiareit was in negotiation with another party (a large Indian fianancial services company) for divestment of Indian and overseas entity for proposed consideration of Rs. 225 crs; term sheet was signed in Oct 2010

PHL – Way Forward

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Pharmaceutical

- Pharma Solutions business – poised for strong growth given tremendous cost pressures on big pharma
- Critical Care – Growth to be driven by expanding product portfolio and increased geographic reach
- OTC – Growth to be driven by building strong brands and expanding reach
- Innovative Discovery & Commercialization: Growth to be driven on the back of strong innovation platform of PLSL

New Businesses

Financial Services

- Infrastructure NBFC
- NBFC for other sectors
- Fund Management:
  - Indiareit
  - Infra PE

Including leverage @ 1:1 D/E ratio, Rs. 240 billion is available to be invested in the business pool

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Thank you